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DISCUSSES 1951 BULGARIAN BUDGET,  
COMPARES IT WITH 1949 AND 1950

The 1949 budget as voted by the National Assembly, totaled 152.5 billion leva, without envisaging a revenue surplus. However, accounting reports have disclosed that the revenues totaled 169.4 billion and expenditures 151.4 billion leva, producing a surplus of 17.9 billion leva, of which 12.6 billion were accounted for by the national budget and 5.3 billion by

- 1 -

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people's soviets. Under the 1949 budget, 59 percent of all expenditures were allocated for social and educational measures, 10 billion for agriculture, 8.6 billion for industry, 8 billion for public health, etc., whereas capital investments totaled 60 billion leva.

The 1951 economic plan envisages a general increase in industrial production of 22.1 percent, evaluated in 1939 fixed prices. Compared to 1950, production in particular branches will be increased as follows: coal 24.8 percent, electricity 36.6, cast iron 58.1, tractor plows 90, cotton fabrics 12.2, woolen fabrics 10.5, shoes 48.2, sugar 68.3, soap 53.1, cheese 33.3, lard 57.2 percent, etc.

The over-all goods turnover in 1951 is slated to increase by 18 percent. Agricultural production will increase by 44.5 percent.

The national budget for 1951 submitted to the National Assembly calls for 271.7 billion leva in revenues and 267.9 billion leva in expenditures, with a revenue surplus of 3.8 billion leva. It exceeds the budget of 1950, including supplementary budgets, by 53.4 billion, or 25 percent. About 72.1 percent of all expenditures will go to finance the national economy, and for social and educational improvements. The state budget will absorb 222 billion leva of revenues, whereas 31.4 billion will be allocated to the people's soviets.

The revenues, as in past years, will be drawn mainly from the turnover tax and the profits of cost-accounting enterprises, as well as from the revenues of MTS. The above items will total 157.8 billion leva, or 58 percent of all revenues. The profits from state enterprises of major importance are scheduled to increase by 13.6 billion leva, 9 million of which are to be obtained by cost reduction.

Austere economy and strict accounting should rule in every enterprise, as these principles have frequently been overlooked in 1950. Thus, the Zemsnab Enterprise in Vidin has wasted 45,000 kilograms of graded corn seed, valued at 523,000 leva. The Balkanturist State Economic Enterprise has purchased rubber runners for hotel corridors, worth 150,000 leva; a few months later the runners proved unsuitable and were replaced by oriental-style carpets costing 2.5 million leva. The same enterprise left a shipment of export cigarettes valued at 641,500 leva to mold.

The revenues will further include a government loan of 10 billion leva, whereas the direct income tax should bring in 27.2 billion leva. Most of the latter sum comes from the general income tax, which will be collected according to the new tax law of 1950 and is expected to reach 20.8 billion leva. The new tax law provides for progressive taxation, and is designed for the protection of the interests of the working classes against the capitalist groups in cities and rural areas. However, the income tax will constitute only 10 percent of all budget revenues, whereas it amounted to 10.8 percent in 1950.

The tax reforms of 1950 also eliminated 14 local taxes and assessments. Beginning 1 January 1951, the taxes formerly levied on heads of families, on every kilogram of unpolished rice, and tobacco produced using nonmotorized vehicles, etc., are canceled. This will save the population 3 billion leva.

About 218.2 billion leva of expenditures will be allocated to the state budget and 47 billion to the budgets of people's soviets. Only 20.6 billion leva will be allocated to the Ministry of Defense, or less than 7.7 percent of all revenues. The small increase in this allocation is expected to improve the Army's food and clothing supply.

- 2 -

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As in the past, a large share of expenditures will be used for capital investments. These will total 78.3 billion leva, 57 billion of which will be provided from the budget. An additional 14 billion leva will be allocated for capital investments of farm workers' cooperatives and public organizations. The 1951 investment plan envisages the completion of several large projects, such as the Stalin Fertilizer Plant, the Republika and Maritsa 3 Thermal Power Plants, the Georgi Kirkov Boiler Plant, the Chervena Zvezda Machine-Building Plant, the Brushlyan reclamation system, and others. The cost of all projects scheduled to be ready for operation in 1951 totals 92 billion leva. Construction work will also be intently pursued on some other projects, including the Stalin, Rositsa, and Georgi Dimitrov dams; metallurgical, cellulose, and soda plants, the Clement Gottwald Spinning Mill, the expansion of the Vulkan Cement Factory, etc. The machines and equipment of enterprises to be completed in 1951 come from the USSR.

Agriculture will also benefit extensively from capital investments, especially in the Dobrudzha area, where irrigation, reclamation, afforestation, electrification, etc., will be provided.

Despite the stage of progress reached on many projects, construction in general is still suffering from many shortcomings, such as the high cost of building, which is caused, in part, by the unsatisfactory work of drafting organizations. Despite warnings and government decrees, these organizations are still admitting in their drafts and plans many superfluous and luxuries, greater expansion of production areas than is warranted by technological conditions, and unduly large size of buildings. Another reason for the high cost of construction is the poor organization of building and installation work, entailing the insufficient utilization of mechanical equipment, the misappropriation of materials, the undue delay of manpower, etc. The high cost of administration has not been restricted. In 1951, the government plans to reduce the cost of building and installation work by 20 percent and thereby save 8 billion leva.

The reform and mechanization of agriculture will play an important part in the new budget. The subsidies will grow from 18.7 billion leva, in 1950 to 23.5 billion in 1951, of which 10 billion will be allocated for capital investments, and 4 billion leva will be channeled through the Bulgarian Investment Bank for construction work on farm workers' cooperatives. The MTS received 3.6 billion leva under the 1950 budget, and will be allocated 6.1 billion in 1951. This will allow for the establishment of 20 new MTS, bringing their total number to 115.

The working funds of cost-accounting enterprises will be increased to 18 billion leva.

Work organization and technical procedures should be directed at cutting down production time. The cost of raw and auxiliary materials must be lowered, and finished products should be disposed of promptly. Any unnecessary accumulation of circulating funds must be prevented, as this practice is frequently used to cover up unsound economic procedures.

Many enterprises are still unaware of these principles. The State Shoe and Clothing Trade Enterprise in Ruse has kept in storage, for the last year, a shipment of imported cloth crowns for caps, estimated at 11.5 million leva. The Narmag stores in Gorna Oryahovitsa, Pleven, and Ruse keep a stock of rubber tires for bicycles, valued at 4.5 million leva, which will take at least 2 years to sell. The Veriga State Industrial Enterprise is keeping in stock 45,900 kilograms of horseshoes, manufactured in 1949, which cannot be sold because of their small size. The Georgi Dimitrov Locomotive and Railroad Car Plant has in stock 36,465 kilograms of rivets, which, on the basis of average requirements, will last for 73 years. The Rayko Damyanov Plant in Sofia has a

- 3 -

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supply of storage batteries on hand, worth 36 million leva, owing to its poor salesmanship. The Stalin Plant in Dimitrovo keeps a stock of electrolytic material worth 25 million leva, which could supply its production requirements for the next 4 years, and the Kliment Voroshilov Plant in Sofia has set up a store of tool steel sufficient for at least 10 years. These examples could be multiplied.

Budget expenditures for social and cultural measures will total 68.9 billion leva, and will exceed the corresponding amount in 1950 by 13.4 billion. Educational institutions will receive 16.4 billion leva. Trade schools, which will receive the greatest attention, will train large numbers of intermediate personnel for various economic enterprises. The number of trade schools will be increased from 152 in 1950 to 161 in 1951, and the number of students will increase by 17,179. To provide the necessary teaching staffs, the number of teachers' seminars will be increased from 19 in 1950 to 29 in 1951, and the number of students in the seminars will increase from 9,251 to 11,320. The total number of students in both general and trade schools will increase by 138,160, in 1951, and the number of teachers will rise from 46,806, in 1950 to 48,932 in 1951. The number of nurseries will be increased from 4,604 in 1950 to 4,967 in 1951, and the number of children attending will increase from 191,599 to 219,512.

Credits for public health will total 12 billion leva. The public health system will be reorganized. The number of health institutions will be increased by 14.8 percent, and the number of beds by 14.7 percent. Maternity and children's hospitals will increase by 21.3 percent and the number of medical students by 65.7 percent. Physical culture will be allotted 900 million leva. Eight of the ten hospitals and three of the four sanatoriums, now under construction, will be ready for operation in 1951. In addition, 91 new health centers will be opened, mostly in rural areas.

In the field of public education, 140 of the 168 projects now under construction will be opened in 1951, 102 of them in rural areas.

Capital investments for communal projects will also be considerably increased. Of the ten bathhouses now under construction, six will be ready for operation in 1951, pipes will be provided for 154 water systems, and 150 water systems will be completed for operation in the same year.

The people's soviets will be provided with considerable funds for financing their educational and economic enterprises, such as high schools, trade schools, hospitals, preventoriums, sanatoriums, medical schools for auxiliary medical personnel, etc. The people's soviets will be provided with new sources of revenue for their own budgets, and their subsidies from the state budget will total 15.6 billion leva.

Administration costs are to be reduced in 1951 by 2.1 percent.

Because of the revenue surplus, totaling 3.8 billion leva, the value of the lev will be strengthened and stabilized.

The operations of the Bulgarian National Bank and the Bulgarian Investment Bank will be reorganized. The main objective of the reform is to assure efficient control of financial and production plans in various enterprises by means of bank credits. New payment regulations will increase financial discipline among the enterprises, and stricter controls will also be established over the utilization of the wage fund. Construction credit regulations will also be tightened.

- 4 -

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Heretofore, the Bulgarian National Bank has frequently authorized loans to state cooperative enterprises without checking their purpose or establishing payment terms according to production, trade, and financial plans. There also has been insufficient supervision of the utilization of accumulated and circulating funds of enterprises. As a result, circulation funds have been often used for investments or loans, to cover up for losses, etc. The Mesot-sentrala State Trading Enterprise in Mikhaylovgrad has diverted 52 million leva for investments, losses, loans, etc.; and, as a result, has been unable to repay its bank debts. The Bulgarian Investment Bank should also amend substantially its operations, and launch a determined fight against superfluties, waste, dissipation of funds, negligence in the use of materials, and insufficient utilization of machinery and manpower.

The Ministry of Finance should strengthen its supervision over the utilization of funds and materials. In 1950, a reform based on the Soviet pattern, resulted in the reorganization of the Ministry's control and auditing departments. However, these measures have proved to be insufficient. Financial control and discipline must be further improved in every ministry, department, enterprise, people's soviet, etc.

The draft of the 1951 budget reflects the peace-loving attitude of the Bulgarian Government, and will provide further support for the ideas expressed in the world peace movement.

VOTE 1951 BUDGET -- Sofia, Izgrev, 29 Dec 50

On 28 December 1950, the National Assembly voted unanimously to approve the 1951 national budget, as follows (in leva):

|                     |                 |
|---------------------|-----------------|
| Revenues            | 271,793,658,000 |
| Expenditures        | 367,921,568,000 |
| Surplus of revenues | 3,872,000,000   |

The state budget is approved, as follows (in leva):

|                     |                 |
|---------------------|-----------------|
| Revenues            | 222,066,007,000 |
| Expenditures        | 218,194,007,000 |
| Surplus of revenues | 3,872,000,000   |

The local budgets are approved, as follows (in leva):

|                                    |                |
|------------------------------------|----------------|
| Revenues                           | 31,390,651,000 |
| Expenditures                       | 47,002,512,000 |
| Subsidies from the<br>state budget | 15,002,512,000 |

The following deductions will be made from the local budgets for state taxes:

For Turnover Tax the following deductions will be made:

1. Ruse Municipal People's Soviet and Dimitrovo Okoliya People's Soviet - 1 percent.
2. Burgas Okoliya People's Soviet - 3 percent.
3. Gabrovo, Gorna Oryakhovitsa, Troyan Okoliya People's Soviets, and Burgas, Pleven, and Sofia Municipal People's Soviets - 5 percent.

- 5 -

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4. All other okoliya and municipal people's soviets - 10 percent.

For General Income Tax the following deductions will be made:

1. Ruse Municipal People's Soviet, and Burgas and Dimitrovo Okoliya People's Soviets - 10 percent.
2. Gabrovo, Gorna Oryakhovitsa, Plovdiv, Ruse, Sofia, Stara Zagora, Tolbukhin, and Troyan Okoliya People's Soviets, and Burgas, Pleven, and Sofia Municipal People's Soviets - 20 percent.
3. Balchik, General Toshevo, and Elkhovo Okoliya People's Soviets - 30 percent.
4. All other okoliya and municipal people's soviets - 60 percent.

For the military [defense?] tax, the tax for gratuitously acquired property, and taxes payable under Article 16, Paragraph II of the Bulgarian Budget Law of 1950, in all okoliya and municipal people's soviets - 100 percent.

Ministers and department supervisors may not transfer allocations from one paragraph to another. A shifting of allocations under the state budget may be granted only with the permission of the Council of Ministers, and under the okoliya people's soviets budget with the permission of the Minister of Finance. A change of allocations under all other people's soviets budgets may be granted by the proper superior authority on advice of appropriate financial organs.

The lists of personnel expenditures for the various services of the state budget should be approved by the Council of Ministers.

Article 16 of the 1950 Budget Law remains in force until its abrogation.

The budget provisions will be enforced by the Council of Ministers.

The people's soviets are exempted from paying fines ordered by previous community authorities, as well as from the debts owed to the state by these authorities.

The 1949 budget is settled, as follows (in leva):

## Revenues

|                          |                 |
|--------------------------|-----------------|
| State budget             | 135,497,476,694 |
| People's soviets budgets | 33,933,944,526  |
| Total                    | 169,431,421,220 |

## Expenditures

|                          |                 |
|--------------------------|-----------------|
| State budget             | 117,401,462,316 |
| People's soviets budgets | 34,032,862,238  |
| Revenue surplus          | 17,997,906,666  |
| Total                    | 169,431,421,220 |

- E N D -

- 6 -

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